

# **FIRST QUARTER**

**report to  
shareholders  
thirteen weeks  
ended**

**APRIL 30, 1977**



May 24, 1977

**TO OUR SHAREHOLDERS:**

Total sales (excluding those of leased departments) rose 2.0% to \$241,816,000 during the 13 weeks ended April 30, 1977. Net income was \$163,000, or \$.03 per share, as compared with \$513,000, or \$.10 per share in last year's first quarter.

Income from continuing operations for the full 52-week trailing year through April 30th amounted to \$10,742,000, or \$2.14 per primary share, up from \$8,082,000, or \$1.61 per share in the prior 53-week period.

February and March were affected by the extraordinary severity of this past winter. In recent weeks, commentators have cited record automobile sales, rising food costs, and growing consumer instalment debt as factors that may be temporarily dampening the pace of other types of discretionary spending.

Although volume, with the exception of our apparel specialty stores, was below our budgets during this period, merchandise gross margins registered strong gains out of continued improvements in the mix of our sales.

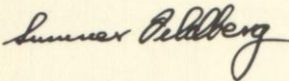
The first quarter is not an important part of our overall year's earnings. We see the

nation's economy making solid, steady progress and levels of employment are showing good growth. With personal disposable income continuing to rise, we believe the tone of business should show steady improvement over the months ahead, particularly in the second half of the year.

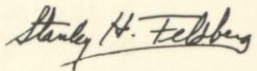
In April a new Zayre store was added in Brooksville, Florida, with a strong opening celebration shared with sister stores throughout the Tampa metropolitan market. This month, a Zayre unit in Youngstown, Ohio will be closed after having been sublet on favorable terms.

The first five of our new "T. J. Maxx" off-price brand name apparel super-markets have now been opened and early results are most encouraging.

Respectfully submitted,



SUMNER FELDBERG  
Chairman of the Board



STANLEY H. FELDBERG  
President

## FINANCIAL SUMMARY *(Unaudited)* Zayre C (Dollars in Thousands)

Net sales (excluding leased department sales)	
Income from continuing operations before income taxes	
Provision for federal and state income taxes	
Income from continuing operations	

### Discontinued operations:

Loss from discontinued owned credit plan, net of applicable income taxes	
Loss on disposal of owned credit plan, net of applicable income taxes	

Net income	
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### Net income per common share:

#### Primary

Income from continuing operations	
Loss on discontinued owned credit operations	
Net income	

#### Fully diluted

Income from continuing operations	
Loss on discontinued owned credit operations	
Net Income	

Average number of common shares outstanding for primary computation

Self-service department stores in operation

(1) Reclassified to reflect results of discontinued operations separately from con  
The Company's fiscal year ends on the last Saturday in January.

## CONDENSED BALANCE SHEET *(Unaud)* (Dollars in Millions)

	<u>April 30, 1977</u>	<u>May 1, 1976</u>
<b>ASSETS</b>		
Current assets		
Cash	\$ 16.5	\$ 26.1
Accounts receivable and pre-paid expenses	12.4	11.6
Merchandise inventories	299.3	285.2
Net assets related to discontinued owned credit plan	—	1.5
Total current assets	328.2	324.4
Property, net of depreciation and amortization	86.1	91.9
Other assets	8.0	8.6
<b>TOTAL ASSETS</b>	<u><b>\$422.3</b></u>	<u><b>\$424.9</b></u>



# Corp. and Consolidated Subsidiaries

13 Weeks Ended(1)		52 Weeks Ended(1)		53 Weeks Ended(1)	
April 30, 1977	May 1, 1976	April 30, 1977		May 1, 1976	
<b>\$241,816</b>	\$237,044	<b>\$1,165,344</b>		\$1,099,488	
<b>329</b>	1,072	<b>22,621</b>		16,657	
<b>166</b>	559	<b>11,879</b>		8,575	
<b>163</b>	513	<b>10,742</b>		8,082	
—	—	—		(58)	
—	—	—		(1,880)	
—	—	—		(1,938)	
<b>\$ 163</b>	\$ 513	<b>\$ 10,742</b>		\$ 6,144	
<b>\$ .03</b>	\$ .10	<b>\$2.14</b>		\$1.61	
—	—	—		(.39)	
<b>\$ .03</b>	\$ .10	<b>\$2.14</b>		\$1.22	
<b>\$ .03</b>	\$ .10	<b>\$2.05</b>		\$1.61	
—	—	—		(.39)	
<b>\$ .03</b>	\$ .10	<b>\$2.05</b>		\$1.22	
<b>4,974,113</b>	4,958,815	<b>4,957,542</b>		4,902,606	
<b>255</b>	254				

inuing operations.

## (ted) Zayre Corp. and Consolidated Subsidiaries

	April 30, 1977	May 1, 1976
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current liabilities		
Notes payable to banks . . . . .	<b>\$ 18.0</b>	\$ 17.0
Current instalments of long-term debt . . . . .	<b>11.2</b>	9.8
Accounts payable and accrued expenses . . . . .	<b>154.7</b>	162.1
Total current liabilities . . . . .	<b>183.9</b>	188.9
Long-term debt (includes real estate mortgages) . . . . .	<b>103.1</b>	111.8
Deferred income taxes . . . . .	<b>9.6</b>	9.2
Shareholders' equity . . . . .	<b>125.7</b>	115.0
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY . . . . .</b>	<b>\$422.3</b>	\$424.9

# Zayre Corp.

Framingham, Massachusetts 01701

CHANGE OF ADDRESS: Shareholders are requested  
to notify Corporate Services Department  
State Street Bank and Trust Co.,  
P.O. Box 5003, Boston, Mass. 02107

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